(Continued from Page 1)

previous years ranged generally. around that figure. This is the income above all expenses. The net revenue from the floating stock last year was slightly over 7 per cent while, the income from other joidings, which consist largely of stacks

by T. R. Foster & Co. The corpora. so bad. tion increased its stock to \$600,000. They concluded that the proper ad- tlement Association, its formation and the Wilder brothers and increased this discretion. 500,000.

quiry into the Inter-Island rates, ask- tiq. ing first on what basis these are There is the problem here, I'll adfixed. Kennedy explained they could mil to keep your homestead lands not base it on mileage, because the outof corporate hands," he said, "but time consumed in carriage is due the may be times when the homelargely to the weather, the condition steaers want to form little indeof the wharves, the size of cargoes, penent corporations of their own. etc. He admitted that the present and o secure advances they might rates were largely the outgrowth of haveto put their lands in for these

guess that is largely true." Kennedy rights hould be reserved in any sale explained that the rate generally in- or leas of homestead lands. cludes landing of cargo, though not Takit up the question of advances wharfage. The freight rate for gen. to hometeaders, he said he thought eral merchandise from Honolulu to that theankers of Hawaii generally Hillo is about \$2.50 a ton, he stated, are desous of making such ad-The rate for cheap freight from Hilo vances ider reasonable security. He to Honolulu is \$2 a ton.

er asked. 'Now that is something title was ecured would work against the homesteader and small farmer is financial astitutions feeling safe in

"Our officers, engineers and crews tionality osuch action. receive the highest pay in the world." He thoug consistent effort should he said, when asked concerning his be made tchomestead the land, but

tains," and then told how they are proved satisfctor. He thought that now paid for overtime and holidays, without restetive laws setting the Usually, he said, the crews are Ha. amount of Ind a corporation shall wallans, who are paid about \$40 a held, the coporar interests would 1878. My brother was working in the month, with meals and bunks on the soon hold mot of the good lands in Honolulu Iron Works at that time. boats. When they can't get Ha. the Islands. wailans, even at those wages, which is sometimes difficult, they take Japanese. Chinese or any others they can

Hawaiians want to get into the towns, he said in explanation of the difficulty of keeping labor on the boats. He said no complaints of rates had come to his ears, and thought he would hear of it if any were made of either rates or service.

He also denied that any report of complaints from wharves in various ports had come to him. He had heard of a commission investigation of conditions at Kahului, Maui, but did not know the details. The Secreretary promptly produced the report, in book form, and read therefrom extracts declaring the conditions there "intolerable" and appealing to the Legislature for relief from the high rates charged there.

The Secretary asked why the regulation of wharfage there shouldn't the final decision shoulde left to be done by the Government. Kenhedy replied that would be all right. "Suppose these lands be opened He admitted that his business does not come under the rules of the Inter- ties commissions and ver rights State Commerce Commission and taken care of by the governent, do asked what he would think if a local commission were given authority over it, said it would be welcomed if the body were unbiased in its workings.

"It would depend large on the cooperation of the Governand the

Ashford then mentioned that an at- administration. You might ve all tempt in Congress to put the Inter- the homesteads taken, but gain Island under the authority of the In- to the Territory would be ubtful. ter-State Commerce Commission and The industry requires coopeon of asked if it were not true that Ken- the farmer, the mill owner | all. nedy had gone to Washington to head He thought conditions here just off that movement. Kennedy admit-ted it was true, adding his reason, "What percent of the people re that he did not think men in the do you think feel as you do ab it? East should have such jurisdiction be Lewis believed that many olem, cause they do not understand condi- such as the Portuguese, Sish, tions in the Islands.

of comparative freight rates between this city and Hilo and Lahaina. graph in the commission reported Though the mileage difference is ing the theory that the central a about 150 miles, the rates are vir should not be taken from the ir tually the same, Kennedy explaining plantations, Lewis cited the case that loading and unloading facilities the Walakea plantation, which make the difference, those at La built up with great expense and it haing not being nearly so good as the government lands held by those at Hilo.

Hilo, is \$40 a ton, he admitted.

bate between Kennedy and Ashford its production is not decreased. concerning the alleged refusal of the As to "Bank Control." lution.

Kennedy stated the rate from Hilo ting control of the land. on cattle is \$5 per critter, this being "Land is the last thing a bank". From 15 shares up to 300. subject to a maximum limit of 75 wants," he said amid laughter.

crimination between the large and about noon, after Secretary Fisher small cattle shippers, but Mr. Ken had called upon A. W. Carter and he shares? nedy denied this absolutely.

In response to questions as to pas- ent. although the pasenger rates have not homesteading at Haiku. He said he been lowered, the service has been is complying with the residence qual- mentioned there is? wastly improved.

manager of the Bank of Hawaii, was reside continuously on the land then called on. After a few prelim- though he will continue teaching in inary questions as to his history, Mr. Honolulu, except during the summer. Lewis was questioned about his con- "My whole aim is to get a home for be nection with the land law commisthe future," he said, when asked by ience. The land law commission was homesteading. first taken up. He said the commis- Speaking generally, he declared his | watat?

sion received its commission about belief in the feasibility of homesteadand asked for all the public sugges- be rather limited as a whole. and bonds, amounted to about 12 per its work, the commission came to the to undertake cane culture. The company was originally owted of administration—the law was not questioning of Mr. Krauss, he began

There are no bonds outstanding nov, ministration of the land laws was to operation. he replied, to the Secretary's quer, give the executive broad discretion. When the Inter-Island finally took t "Our ideas have not worked out, Delegate's complaint about the manover in 1902, six men buying out the to my mind," he said. "That discre- ner in which this homesteading was other interests and the stock being tion has been very largely nullified." brought about. Ashford brought out divided pro rata amoung them. They He thought that amendments made the fact that S. T. Starrett, superinpaid \$150 per share for the stock of to the laws had taken away much of intendent of public marketing; E. B.

the company's capitalization to \$1. After the report was filed, many hanges were made in the land law This increase came naturally, he hat were not favored by the report. declared, by combining the stock of the commission's idea, said Mr. the two shipping companies that the lewis, was to make the homesteading six men purchased. They figured enditions strongest up to the time their physical assets were worth the the settler got his title, but the commssion was not willing to lay down The Secretary then began an in had and fast rules against aliena-

advates."

The Secretary suggested that the Heurged that the power be left rates on steamship lines are often definily to the government to go largely a matter of hit-and-miss, or upon ny such lands and have the guess-work. Kennedy said: "Yes, I rights f way for ditches, etc. Such

said tha restrictions against alien-"How about pineapples?" Mr. Fish. ation ancselling of homesteads after the homesteader and small farmer is interested very much in." said Kennedy, and proceeded to retail the property of handling these cargoes.

did not a rove of experimenting "This statement includes the cap. that would reck the system that has

If it is demonstated as the only that that would geneally prove true. He knew there verendividual cases which would shw to contrary.

The Secretary expined to Lewis the method of retricing holdings of and I came down-that was in 1880. ed if he did not thin regulation of that character would work here. Lewis thought it wou

Lewis, in answer to question of bank loans to smill bwers, stated that sometimes, where ans are made on the crop as the on security, the bank has control of le situation,

owning the plantation elf.

He thought undeveled lands should be homesteaded st, the developed lands next. Hilld not approve the idea that 25 mers to a petition could compel thopening of a homestead tract, howe, believing the discretion of the adnistration

up in larger tracts, with blic utili

Japanese, etc., did not give ach

Ashford then took up a discusison thought to the subject. Asked what he thought of thera be highly valuable. He thought the The rate to Pepeekeo, this side of lands should not be thrown open terested in principally? homesteading unless it is certain to After a five-minute diverting de reliable persons are taking it, so t

Inter-Island agent to ship a consign- Mr. Lewis was questioned briefWalalua, on this island. I am not ment of horse collars from . Hilo to by Attorney Olson to elucidate coure. some way ports, the Secretary asked tain points in his ideas about hom Q. How large a holding have they if Ashford did not think a public util- steading. Questioned more closely a your company? ities or commerce commission should to "bank control" in the Maui land A. 749 shares. delve into these questions of alleged he had referred to, Lewis said hiQ. Are there any others? discrimination. Ashford said he would rather not go into private matA. Hawaiian Electric Company, J. though that would be the proper so- ters. He explained, however, that he Morgan & Company and several

Prof. F. G. Krauss, agronomist of Inter-Island? Mr. Ashford attempted to show dis- the College of Hawaii, was called

found that Mr. Carter was not pressenger rates, Kennedy declared that Mr. Krauss was asked about his ification as interpreted by the attor-A. Lewis, Jr., vice president and ney general, whereby his family will

the middle of 1908 and reported in ing the public lands here. He said they? November of the same year. The he believes most of the previous fail- A. commission did not unite in its re- ures have resulted from lack of ex- George Wilcox of Kauai. commendations, he said. He said perience and adaptability. Mr. Krauss there was great difficulty in getting painted a rather optimistic future for ested in sugar?. the commission together, but that the homesteading in Hawaii, saying that commission made every endeavor to many possibilities are yet to be realreach the people in all the islands ized. He believes homesteading will

tions possible. Public hearings were Asked as to the possibilities of held on all the islands. Very few homesteading the cane lands, Mr. constructive schemes were outlined. Krauss expressed a strong doubt as he maintained, but as a result of all to whether white settlers would care conclusion that the question was one When Mr. Ashford took up the

to ask him about the California Set-

It was evidently, as part of the Blanchard, food inspector, and other Honolulu residents were the principal ones interested in the formation of the association and the homesteading of the Haiku lands. He said he and other homesteaders are somewhat afraid that at the end of the present seven-year contract the canneries may have all the pines they need and there may be some difficulty in renewing the contract at the present price. However, he paid a compliment to the Haiku cannery, saying that it has treated the homesteaders very fairly and encouraged them. This ended the morning hearing.

TODAY'S HEARING IN DETAILED STATEMENT

REMARKS OF MR. J. A. KENNEDY. Fisher: What is your full name,

Mr. Kennedy? Kennedy: James A. Kennedy. Fisher: With what concern are you

connected Kennedy: I am general manager of the Inter-Island Steam Navigation

Fisher: How long have you been in that office? Kennedy: Since 1902. Fisher: What was your occupation prior to that time?

Kennedy: I was in the employ of the Honolulu Iron Works. Fisher: And how long have you lived in the islands-were you born

Kennedy: No, I was born in Scot-Fisher: When did you come here and how did you happen to come? Kennedy: I agrived here first in worked for that firm for a little while; then went back to San Fransuccessful was of handling lands cisco. After I went back the mana. here, however, he lought that sys- ger of the Honolulu Iron Works wrote tem should preail. He did not think up for me to come down here. I did not come; and two years after that the same manager wrote up to Davies, the San Francisco manager, to come and see me. He did come to see me

irrigated lands in the tates and ask. I stayed with that company until 1902. Fisher: What was your position with that company? Kennedy: I began as bookkeeper and was then practically in charge of

> Fisher: And you have no large interest in the company itself? Kennedy: No. Fisher: Who are the principal

all merchandise.

owners of the company? Kennedy: There are several corporations holding stock. The August Dreier Estate, Limited, is the largest stockholder - they own 2799 shares. Q. Who are they?

Simply an estate. Q. What people are interested in the estate? Just the family. Q. Are they living here?

A. Most of them are living here. think one daughter is away. Most, of them are here. Q. Are they interested in the sugar business?

A. Not now; they used to. What have they done with their sugar interests? They sold their interest.

And that was some time ago Yes. Q. So that now for a considerable period of time they have had no interest in sugar so far as you know?

A. No. Q. Who are name some of the other holders? C. M. Cooke, Limited, Estate.

That a Hawaiian estate? Yes. People interested in it living

here? Are they interested in sugar? Yes: I believe they are.

Q. At the present time? At the present time. Q. What plantations are they in-

A. Pahala Sugar Company. Q. On what islands A. On Hawaii; and Walluku, on Maui, and I guess Ewa plantation and

did not mean that banks were gethers, but they are small holders. How do they run? What is the capital stock of

> \$2,250,000. And what is the denomination \$100 a share. How many shares altogether? 22,500 shares.

The August Dreier Estate, Ltd. That was how many shares? 2799 shares.

Cday? What is the total num-About 300. This list calls for Q. What had been the capital stock stolders. I suppose you don't that?

Yes, I want that. Who are

Albert Wilcox of Kauai and Q. Who are they-are they inter-

A. Yes, George Wilcox is a-he grows sugar and sells it to the plan- pay at the rate of \$750,000 for that

A. I think the Wilcoxes own about 2000 shares. Q. They are both interested in sugar?

A. Albert used to be, I don't think he is now. Then there is S. W. Wilcox, E. N. Walsh & Co. of San Francisco, F. Sinclair, Mary E. Foster of own in at more than par? Honolulu, Aubrey Robinson of Makawell and Mrs. Beckley and Carrie S. Godfrey of San Francisco.

Q. Now running through those names—are any of them interested in sugar here on the islands? A. Yes, Aubrey Robinson is inter-

ested in sugar. Q. In what way? A. He grows some sugar and he leases a valuable piece of land to the

Makaweli Sugar Company on Kauai. Q. Now are there any others? A. E. N. Walsh & Company used to be interested in sugar. He is living in San Francisco-has been for a number of years and I do not know whether he has sold out-whether he is interested in sugar or not. J. M. Dowsett owns some shares also. He is interested in sugar by having an

this island. Q. Is that all?

Q. What property does the com-

interest in the Waianae plantation on

pany own in general? We have 17 steamers—the floating property is about 45+ is about 55 per cent of our assets, that includes our steamers and the landings.

Q. You say landings? A. The moorings at the different,

landings. Q. What is the rest of the prop-

A. The rest of the property-45 per cent consists of valuable property on the city front-real estate. It is waterfront property; also a coal plant, we have an up to date coaling plant down there. We run the marine railway-we have a lease of it which expires this year. We own our own building lots where the office is, we own the property on Queen street where our shops and warehouses are. I think that is all the property. Q. How about property—real es-

tate on the other islands? Nothing. You own nothing Oahu?

Q. Have you any docks, wharves or landings on the other islands?

Q. What dividends does the Company pay?

Q. How has that been comparative-In 1907 we paid 9 per cent, in

1908 we paid 9 per cent, in 1909 we paid 8 4-10 per cent, in 1910 we paid 7 8-10 per cent, in 1911 we paid 8-1-10 Q. In addition to that have you any accumulated surplus? A. Yes. We are extending our property for shipping and things of

that kind, and we invest the surplus. Q. These investments, are they over and above maintenance, repairs and renewals? A. Yes. You see, in this company they used to insure all the steamers

but for the last 12 years they have not and the insurance fund has been reinvested and brings them quite a

Q. And what kind of property is that generally? A. Bond and stocks and things of that kind.

Q. You invested your insurance account in securities?

A. Yes in securities. Have you got any-do you carry on your books a capital account showing the actual investments of money in the property originally-at the time the stock was sold or subsequently through betterments and improve-

ments? A. Well, we keep a record of property that is bought and sold-Q. How does the capital account

compare with the outstanding stocks and bonds? I mean your capital account on your books your actual investments-does that show the actual investments-how does that compare with the actual securities?

A. I think the securities are much more valuable than the capital ac-

count. Q. Do you know how the stock was originally issued? -

A. The company originally was owned by T. R. Foster, a partnership corporatioin, and the Inter-Island steam Navigation Company was formed and took it over. They sold more stock as they built more steamers It was only a very small thing when it began and as more steamers were built they had to issue more stock until the capital stock was \$600,000. all paid in.

Q. Were there any bonds? A. No there has never been any bonds issued.

Q. There are no bonds outstanding new? A. No. The Company went along lulu to Hilo a lot of miscellaneous plantations only pay \$24. that way until after I took hold of the groceries done up in boxes and bar-Company in 1902. There were two sels you would charge that to Hilo?

A. Those are Hawamans that are Q. You have adequate facilities?

A. Yes. Of course once in a while and haven't come to town. That is Company and the Inter-Island Steam Navigation Company-they were working on a basis of different runs, Well, the controlling interest of that was .got an option on the controlling interest of the Wilder Steamship Company-we secured 6 men to buy the controlling interest of the company and then the two companies came together. Te stock that these men bought were gven to the stockholders The largest holding that you of the Inter-Island company pro rata without a cent of profit to these six men who took all the risk and respon-

sibility. Q. That is, you distributed all the How many shareholders in the stock pro rata. A. Yes. Then the capital stock was raised to \$1,500,000.

sion, as well as his banking exper- the Secretary as to his plans for the largest individual of the Inter-Island company prior to get \$2.50 a ton. Q. You not only put them on the A. _ \$600.000.

Q. And it was increased to \$1,500,-

Q. What-did you have to pay as much as par for the Wilder stock? A. We had to pay \$150 a share.

Company? A. Yes. Q. How many shares has he got? Q. And what did you do, transfer

the whole of that property to the inter Island Company. A. Yes.

the valuation of the stock when you put the two together? You put your A Yes at one and a quarter.

Q. At one and a quarter and call the whole thing \$1,500,000. What happened after that? A. An increasing value-

Q. That is, you issued a stock dividend? A. Yes, in 1909 we increased our capital stock to \$2,250,000.

Q. That was an increase of \$750. Q. It was a physical valuation? A. Yes a physical valuation. Q. It was not based on earning

Q. As a matter of fact the theory on which this stock was increased was that you had physical assets worth that or more than that at the

time you made the increase? Q. What are your rates in general, how do you make the rates—what

are they based on? As a general thing, rates?

Yes. Well, I dont know-

Are they based on mileage? We cannot altogether base them on mileage. There are certain ports on the lee side of the islands which are accessible. There are other ports on the windward side of Hawaii—there are altogether in Hawaii 26 landings—there are 18 private

landings and 8 government landings. Q. You stop at all these?
A. Yes. On the windward side of Hawaii there are 16 private landings and only one government landing and these are the ones which are so difficult, especially in the winter time. They are very hard to approach. Sometimes the steamers cannot enter and have to bring the freight back with them. We cannot base the rates on mileage. It is a great deal on the quantity or freight and the conditions

of the landings themselves. Is there any real basis that you can explain to me or any one else for those rates or is it like railroad rates

A. I presume it is much like that. That is, the rates were there when I came. I may safely say, so far as general merchandise is concerned some of the rates have been reduced

quite considerably. Q. As between two ports you say the rate here is so much and the rate there is so much more how-

can you explain that to me? A. In some cases we put a little more for instance there is the Kona side where there is perhaps—there are 5 landings in the Kona district, perhaps 50 or 60 miles apart where the conditions are about the same. Well there the rates are all the same.

Q. You say well the disadvantages of one kind are offset by advantages. It is about alike. If the distances are little further the ports are more

A. That is about it. I represented some of the shipinterests on the mainland and one of the representatives said that they make railroad rates a good deal like playing golf-I suppose steamship rates are something like that?

Yes, in some ways they are. Q. There is no scientific principle underlying the rates that you charge? A. Some ports are easier to get to than some others. Some ports it is such a dangerous thing to go into the landing-sometimes in the winter time we have to take back all the

freight, it is so rough. Q. Now, then, these landings which you spoke of, who maintains

The plantations maintain some and we maintain the moorings. We have 4 or 5 moorings to hold the steamer in position.

Q. The rate that you charge, is hat the rate after the freight is delivered to you and until you deliver it on shore, or what is the rate? A. Yes, the freight is delivered on

Q. That is to say the consignor labor? brings the goods to you at your terminal station, for instance, at the wharf. You deliver to say to Hilo boat? on the wharf. Is that equally true of private landings?

A. I do not know. You collect no freight charge Q. yourself?

What would you say-what is the rate on freight of different classes from here to Hilo? A. \$2.00 and \$2.50. Q. That is bulk freight?

dise price.

Q. If I were shipping a lot of sugar \$2.00. sugar.

Q. What sort of bulk freight do

you carry for which the \$2.00 rate is

charged? A. Coal, or some other cheap commodity that we can put in the hold. Q. That would get a \$2 rate? A. Yes.

Q. How about pineapples? A. Pineapples—that is one of the that score? things the small farmer is explicitly interested in. We have to handle them three times, put them into boats, a complaint would go through the row to the steamers, put them in the steamers, and when we come here put them on the other steamers and we you personally?

Q. You haven't had your attention wharf but you put them on the other called to any complaints of that kind?

Q. As a matter of fact, you had to Q. There was a little increase in

HE Gotham Clothiers can extend you no more clever styles or fabrics than we. And this is due to our ability to control the agency in this city for the

"ALFRED BENJAMIN" CLOTHES

"BENJAMIN'S" clothes not only exceed all other ready - to - wear clothes in style and quality, but they

MORE THAN THE ORDINARY KIND

Cor. Fort and Hotel Sts.

A. We put them on the American-present time. Hawaiian steamers. We have always | Q. Have you heard of any

Q. Suppose the steamer is here, what do you do then? A. When that happens, them on the dock. Q. And who

They do that. Q. You don't put them on A. Yes. When we bring ples from say Napoopoo, about 175 miles; we bring the pi from there and take it for \$2.50 a

A. Our officers and engineers receive the highest pay in the world.

we bring coffee from there for \$2.50.

Q. That is, the expert workers, the engineers and officers? A. They have to have a Federal Q. You mean that a steamship engineer here would get more than a

A. Same as the captains. The captains not only get paid by the month, deal but if they work on Sundays or holi-the days they get paid \$10 extra. be regulated by the public whenever they wish to pass an act to that Q. How about the men?

on the coast-sometimes they are off it would be a good thing if an act for three or four days and when the | that sort were passed so that th steamer goes out again they are ready | question could be tried out fairly as to go again. When they come into impartially and if there is not a b town they like to have a holiday. Q. What nationality are they?

A. We like to have Hawalians, but they are pretty scarce. Q. I know, but there are a good many Hawaiians. A. They don't like to

all the time. Q. And when you don't get Hawallans what do you do? A. We get anything we can lay our hands on. Japanese, Porto Ri

cans, Portuguese.

A. Just the same.

Hawaiians? A. They get about an average of perhaps \$40.00 a month or there- by men of no prejudice and men of abouts. Q. That is for the most unskilled

Q. What do you usually pay your

That is the general crew. Do they get their meals on the

And bunks and so on? Q. Do you pay the Japanese the

Now you say it is difficult to get

the Hawaiian at that rate-\$40. Q. I think that we were told the other day that on some plantations the rate of wages was \$24.00 a month A. Yes, that is, general merchandise; \$2.50 is the general merchan and they had a house or place to

the trouble with the Hawaiians, they in bulk from Hilo here you charge all want to come to town. And there are so many contracts for Federal A. I don't know; we do not carry works and so forth that labor is very hard to get.

Q. How long hours do they work? A. There are regular hours for work: I am not sure what they are -whether it is 10 hour or 9 hours. Q. There has been some complaint made that your rates are unsatisfactory to some of the shippers here? Have you had complaints made on

A. They haven't reached me yet. Q. They would start a complaint-A. It would come to the office. Q. And then it would come up to ings?

A. Well, I do not know that I have heard any particular comp put gards landings, except from a rewhich was made by some c that was looking into the lar and other thi They did not come to w

(reads) Now have co sort been called to your They say, they call it an condition. Do you know an cation for language of that kind?

A. Well, of course, you must bear in mind that these landings are ex-Q. You are familiar with rules fect. Why should not such sic A. The men get about the same as that be taken here. Don't you the

> for complaint then the public wo be set at ease. Q. What would you say to application of that principal to your com-

pany, would you have any objection Q. The Inter-State Commerce Commission have no jurisdiction

Q. What do you think of a commis

A. If it is run by a commission

good judgment, I think it would be a good thing. It would depend on what kind of a commission you got. Appointive Commission Favored.
Q. Now suppose an act were passed authorizing the Governor to ap-

point such a commission. Would you regard that as a wise step to take? A. If you got a fair commiss Q. You would be less likely to have the thing controlled by local polities if the Governor appointed the commission than if it were an elective

commission? Q. Is there any complaint of the services that your company renders as to its being inadequate?

A. I think it is the other way. I sleep. How is it that you don't have think we have taking the conditions Q. If I were shipping from Hono- planty of men at \$40 a month if the of things altogether, I think we ought to be congratulated for keeping ahead

> there may come along a holiday and the next week there may be a congestion. Q. Of course it would not be justifiable to maintain an equipment suffi-

imum freight. Mr. Fisher: Mr. Ashford do you wish to ask any questions? Mr. Ashford: Mr. Kennedy, at a recent session of Congress there was a proposition to place the affairs of your company under the jurisdict of the interstate commerce commis-

cient for all times to carry the max-

sion? Q. And you left here and went to Washington to head that off? A. Yes.

Q. And succeeded? And succeeded.

(Continued on Page 7

And what was your objection Q.

COST LITTLE